

Simplified cost options - An introduction

28th September 2017 |
Amsterdam, The Netherlands

Katja Ecke
Interact Programme

Simplified Cost Option (SCO)

- Eligible costs are **calculated** according to a predefined method based on outputs, results or other costs.
- The tracing of every euro of co-financed expenditure to individual supporting documents is no longer required.



Forms of reimbursement

Real costs

Simplified cost options

Flat rate

Standard scale of unit cost

Lump sum

CPR (1303/2014), Article 67

Forms of grants and repayable assistance

1. Grants and repayable assistance may take any of the following forms:

- (a) reimbursement of eligible costs actually incurred and paid, together with, where applicable, contributions in kind and depreciation;
- (b) **standard scales of unit costs**;
- (c) **lump sums** not exceeding EUR 100 000 of public contribution;
- (d) **flat-rate** financing, determined by the application of a percentage to one or more defined categories of costs.

Fund-specific rules may limit the forms of grants or repayable assistance applicable to certain operations.

CPR (1303/2014), Article 67 cont.

Forms of grants and repayable assistance

3. The options referred to in paragraph 1 may be combined only where each option covers different categories of costs or where they are used for different projects forming a part of an operation or for successive phases of an operation.

4. Where an operation or a project forming a part of an operation is implemented exclusively through the public procurement of works, goods or services, only point (a) of the first subparagraph of paragraph 1 shall apply. Where the public procurement within an operation or project forming part of an operation is limited to certain categories of costs, all the options referred to in paragraph 1 may be applied.

CPR (1303/2014), Article 67 cont.

Forms of grants and repayable assistance

5. The amounts referred to in points (b), (c) and (d) of the first subparagraph of paragraph 1 shall be established in one of the following ways:

(a) a fair, equitable and verifiable calculation method based on:

(i) statistical data or other objective information;

(ii) the verified historical data of individual beneficiaries; or

(iii) the application of the usual cost accounting practices of individual beneficiaries;

CPR (1303/2014), Article 67 cont.

Forms of grants and repayable assistance

5. The amounts referred to in points (b), (c) and (d) of the first subparagraph of paragraph 1 shall be established in one of the following ways:

(b) in accordance with the rules for application of corresponding scales of unit costs, lump sums and flat rates applicable in Union policies for a similar type of operation and beneficiary;

(c) in accordance with the rules for application of corresponding scales of unit costs, lump sums and flat rates applied under schemes for grants funded entirely by the Member State for a similar type of operation and beneficiary;

(d) rates established by this Regulation or the Fund-specific rules;

(e) specific methods for determining amounts established in accordance with the Fund-specific rules.

CPR (1303/2014), Article 67 cont.

Forms of grants and repayable assistance

6. The document setting out the conditions for support for each operation shall set out the method to be applied for determining the costs of the operation and the conditions for payment of the grant.

CPR (1303/2014), Article 68

Flat rate financing for indirect costs and staff costs concerning grants and repayable assistance

1. Where the implementation of an operation gives rise to indirect costs, they may be calculated at a flat rate in one of the following ways:

(a) a flat rate of up to 25 % of eligible direct costs, provided that the rate is calculated on the basis of a fair, equitable and verifiable calculation method or a method applied under schemes for grants funded entirely by the Member State for a similar type of operation and beneficiary;

(b) a flat rate of up to 15 % of eligible direct staff costs without there being a requirement for the Member State to perform a calculation to determine the applicable rate;

CPR (1303/2014), Article 68 cont.

Flat rate financing for indirect costs and staff costs concerning grants and repayable assistance

(c) a flat rate applied to eligible direct costs based on existing methods and corresponding rates, applicable in Union policies for a similar type of operation and beneficiary.

The Commission shall be empowered to adopt delegated acts in accordance with Article 149 concerning the definition of the flat rate and the related methods referred to in point (c) of the first subparagraph of this paragraph.

2. For the purposes of determining staff costs relating to the implementation of an operation, the hourly rate applicable may be calculated by dividing the latest documented annual gross employment costs by 1 720 hours.

ETC (1299/2013), Article 19

Staff costs

Staff costs of an operation may be calculated at a flat rate of up to 20% of the direct costs other than the staff costs of that operation.

Forms of SCOs



Flat rate

- calculation of costs of a specific budget line(s)
- calculated by applying a percentage fixed in advance
- percentage applied to one/several other budget lines

Example:

15% of eligible direct staff costs for office and administration costs

Staff costs * 0,15 = Office and Administration costs



Standard scale of unit costs

- calculation of all or part of costs of a specific budget line
- calculated by applying a standard unit cost fixed in advance
- applied to easily identifiable quantities

Example:

Cost for advisory service based on historical data

Number of days * EUR 350



Lump sum

- calculation of all or part of costs of the project
- subject to achievement of predefined outputs/activities
- single payment – maximum limit **EUR 100.000 of public contribution per project**

Example:

Preparation costs for approved projects

Project approval = EUR 10,000 (ERDF)



Budget lines

1. Staff costs
2. Office and administration
3. Travel and accommodation
4. External expertise and services
5. Equipment

Categories of costs
listed in Art 18, ETC
Reg. 1299/2013

Specific rules
defined in Del.
Reg. 481/2014

Staff costs



Staff costs

Eligible cost

- Full and part-time work on the project
- Salary payments and other linked costs
 - all costs fixed in *employment document/ law*
 - salaries related to responsibilities specified in *job description*

Forms of reimbursement

- Real costs (*payslips and proof of payment*)
- Simplified cost options
 - Flat rate
 - Standard scale of unit costs



Staff costs – Flat rate

Art. 19, ETC Reg.

Staff costs of an operation may be calculated at a flat rate of up to 20 % of the direct costs other than the staff costs of the operation

- can apply on individual partner level
- partners do not need to provide audit trail for staff costs (but for direct costs)

Each partner can decide on the reimbursement option, unless applicable options are set at programme level.



Staff costs – Standard scale of unit costs

Art. 67, CPR

- Ex-ante calculation based on a fair, equitable and verifiable calculation method

Example		
Category	Annual gross employment cost	Hourly rate (annual gross employment cost / 1720)
1	Below EUR 19.999	11,63
2	EUR 20.000 – 49.999	20,35
3	EUR 50.000 – 74.999	36,34
4	EUR 75.000 – 99.999	50,87
5	Above EUR 100.000	65,41

Data: NWE area, all MS, 5 projects from 2007-2013, 18,5 m ERDF, 51 beneficiary organisations, 297 employees

Office and administration



Office and administration

Eligible cost

- Operating and administrative expenses of the partner organisation that support delivery of the project
- Exhaustive list of costs defined in Del. Reg. 481/2014

Forms of reimbursement

- Real costs
- Flat rate



Office and administration – Flat rate

Art. 68.1, CPR

Indirect costs may be calculated at a flat rate of:

Up to 25% of eligible direct costs

fair, equitable and verifiable calculation method

Up to 15% of eligible direct staff costs

no calculation method required from the programme

- can apply on individual partner level
- partners do not need to provide any audit trail

Travel and accommodation



Travel and accommodation



Eligible cost

- Travel and accommodation costs of **staff of partner organisations** that relate to delivery of the project
- Exhaustive list of costs defined in Del. Reg. 481/2014



Forms of reimbursement

- Real costs
- Flat rate, lump sums, standard scale of unit costs

External expertise and services

External expertise and services

Eligible cost

- External expertise and services provided by a **public** or **private body** or a **natural person** outside of the partner organisation
- Open list of costs defined in Del. Reg. 481/2014 ...; *other specific expertise and services needed for operations*

Forms of reimbursements

- Real costs
- Flat rate, lump sums, standard scale of unit costs

Equipment

Equipment

Eligible cost

- Expenditure for the financing of equipment purchased, rented or leased by the beneficiary of the operation
- Open list of costs defined in Del. Reg. 481/2014 ...; *other specific equipment needed for operations*

Forms of reimbursements

- Real costs
- Flat rate, lump sums, standard scale of unit costs

Thank you

katja.ecke@interact-eu.net

- www.interact-eu.net